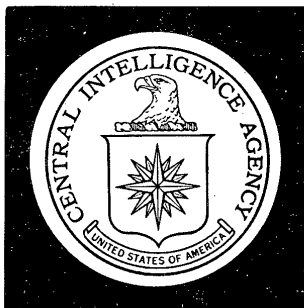




The President's Daily Brief

8 May 1969

19

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I. MAJOR PROBLEMS

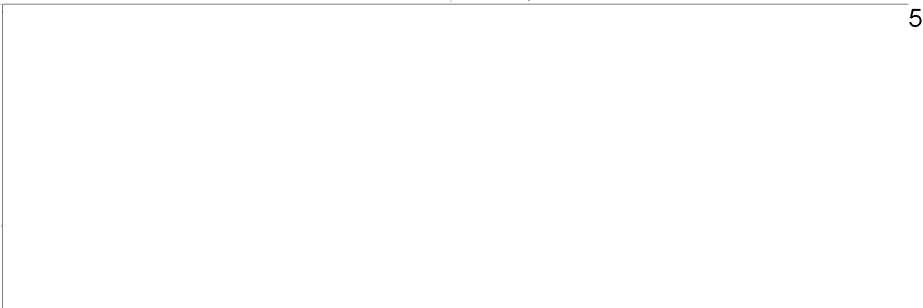
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SOVIET AFFAIRS

Two Soviet intelligence collection ships have resumed close-in (2-6 miles) operations off the shores of Guam and Virginia, after a 15-month hiatus. This decision apparently reflects Moscow's feeling that the precautions it took after the Pueblo incident, when the ships were ordered to operate at least eight miles offshore, are no longer necessary.

* * *

Moscow has announced that President Podgorny will visit North Korea later this month. He will doubtless seek to reassure the North Koreans that Moscow's actions at the time of the EC-121 shootdown were in their interest, but he will also probably try to discourage further such adventures. Podgorny will be the highest ranking Soviet official to go to Pyongyang since 1965.

VIETNAM

Intercepts of 3 and 5 May show that at least two battalion-sized units have entered the infiltration pipeline in southern North Vietnam. They are headed for South Vietnam's II Corps and should arrive there in July. These are the first groups noted coming into the top of the pipeline since 22 March.

EUROPE

Speculation that the German mark will be revalued soon gained momentum on the foreign exchanges yesterday and the

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Bundesbank took in about \$650 million in foreign exchange. This was the heaviest day of trading since last November's currency crisis. The flow of foreign exchange into West Germany since De Gaulle's resignation has reached about \$2 billion. With the central bankers going to Basel this weekend for their regular monthly meeting, speculative fever can be expected to rise today and Friday.

II. OTHER IMPORTANT DEVELOPMENTS

There is nothing significant to report.

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